

HOUSE BILL 46 of the First Extraordinary Session
By Turner (Shelby)

AN ACT to amend Tennessee Code Annotated, Title 56 and Title 67, relative to entities paying certain premium taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, is amended by adding the following as a new part thereto:

Section __. (a) The commissioner shall implement a plan as soon as possible for the equitable apportionment among insurers of applicants for health insurance who are in good faith entitled to, but who are unable to procure through ordinary methods, such health insurance. Such plan shall provide reasonable rules governing the equitable distribution of risks by direct assignment, reinsurance, or otherwise, and their assignment to insurers, and shall provide a method whereby applicants for insurance, insured, and insurers may have a hearing on grievances and the right of appeal to the commissioner.

(b) Notwithstanding any provision of law to the contrary, each insurance company which offers health insurance coverage and which pays a tax on its gross premiums for such insurance shall participate in the plan. No insurer shall thereafter issue a policy of health insurance or undertake to transact such business in this state unless such insurer participates in such plan.

(c) If, by July 1, 2001, the commissioner determines that the membership of the assigned risk pool, created pursuant to this section, exceeds ten percent (10%) of the membership of the eligible health insurance market, as based on premium, excluding insurers

who are not required to pay a tax on its gross premiums, then the commissioner shall implement a plan of direct assignment on a randomized basis of all assigned risk plan policies to insurers offering health insurance. The commissioner shall hold a hearing before electing to institute a plan of direct assignment.

(d) If a direct assignment plan becomes operational, pursuant to this section, on July 1, 2001, then the commissioner shall structure the randomized assignment so that small insurers do not bear a disproportionate share of risk in the market. A plan of direct assignment shall include provisions to provide that insurers who depopulated the assigned risk pool in the preceding five (5) years receive applicable take-out credits to be used in determining the appropriate level of policies to be assigned to such insurers.

(e) The commissioner shall not approve a plan pursuant to this section which does not provide for the making available of a list of the health insurers under this subsection on request to interested persons for a reasonable fee or to the department. Reasonable fee shall only include the cost of production and mailing such list.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.